

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997 )

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE  
INTERROGATORY TO UNITED STATES POSTAL SERVICE  
WITNESS SHARON DANIEL  
(OCA/USPS-T29-4-10)  
August 26, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits an interrogatory and request for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

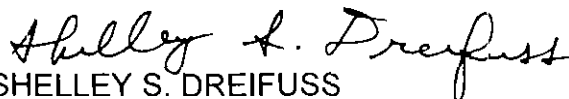
Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



SHELLEY S. DREIFUSS

Attorney

OCA/USPS-T22-4. Please refer to your direct testimony. At page 2 you state: "Exhibits USPS-29D and USPS-29C develop and summarize the mail processing and delivery costs of a subset of existing ECR and NPECR Basic letters that are projected to migrate to the RR and NP Automation 5-Digit categories." [footnote 5 omitted]

- a. On what basis was the migration projection made? If the basis for the projection is a library reference or testimony of another witness, please give a specific citation along with your explanation.
- b. You refer in footnote 5 to the models for migrating ECR and NPECR Basic developed on page 7 of Appendices I and III to your testimony. Confirm that these are letters that would ordinarily be processed as Automation ECR and NPECR Basic but, because they are processed at sites that do not have that capability, they will be processed DBCS. If not confirmed, please explain.
- c. Does the migration discussed above involve an additional sortation? If so, where are the costs for this sortation accounted for? And, if so, describe the actual operations that are performed.

OCA/USPS-T22-5. At page 5 you state that "45 percent of RR letters found in non-OCR upgradable trays, which must be bundled, did not fail any [of] the physical characteristics required of OCR upgradability. For purposes of this testimony, these pieces are considered to be automation compatible . . . ." You also refer the reader to Appendix I, page 37.

- a. What is the actual volume represented by this category? Please give specific references to Appendix I, page 37, or other sources.

- b. Please describe in detail the actual operations that are performed with this mail. For example, does some sort of additional sortation take place to enable such mail to be made automation compatible? If so, please describe the costs involved.
- c. Please refer to page 37 of Appendix I. Please spell out the acronyms MAADC, AADC, MADC and ADC, and describe the different operations involved.

OCA/USPS-T22-6. You state on page 5 that the average clerk and mail handler TY wage rate now has been deaveraged for Remote Encoding Center activities and non-REC activities.

- a. Please describe in detail what you mean by Remote Encoding Center activities, and what they are comprised of.
- b. Why was wage rate deaveraging chosen for such activities?
- c. Within the scope of your testimony, what other activities have been deaveraged for wage rate purposes?
- d. Does the Postal Service have plans for further deaveraging of wage rates in its cost analyses? To the extent such plans include areas outside your immediate testimony, please refer them to an appropriate witness, or to the Postal Service for an institutional response.
- e. Within the scope of the operations relating to your testimony, what is the potential for obtaining deaveraged wage rates for all operations?

- f. Within the scope of the operations relating to your testimony, are operations graded by difficulty, so that, for example, only employees within specific pay ranges and with specific job qualifications can perform those operations?

OCA/USPS-T22-7. At page 3, final paragraph, you list various operations (e.g., outgoing primary, automated area distribution center, etc.) in the mailstream. And at page 1 of Appendix I you use an average wage rate of \$25.445 for all such operations.

- a. Does the capability exist for the Postal Service to obtain actual wage rate data for each of those operations, and construct an average wage rate that may differ for each step in the mailstream?
- b. If so, please describe how it would be obtained.
- c. If not, why not?

OCA/USPS-T22-8. Your testimony on pages 19-20 discusses the proposed rate initiative of a customer barcoding discount for Standard B machinable parcels bearing mailer-applied, postal certified barcodes. On page 22, you state that the Package Barcode System, which became fully operational in 1993, was designed with the capability to sort properly barcoded machinable parcels at rates in excess of 2800 pieces per hour. You further state:

"Therefore, the savings generated by mailer-applied barcodes to nonpresorted machinable parcels are calculated as the cost of keying a parcel once, plus ribbon and label costs, less the cost of scanning a customer barcoded parcel once. This testimony compares the cost of pure keying and the cost of pure scanning to determine savings in connection with customer barcoding.  
[footnotes omitted] The costs summarized in Exhibit USPS-29E on

page 6 assume that once the PBCS has applied a barcode to a keyed parcel in the primary, all other subsequent operations have the same costs regardless of whether the mailer or the Postal Service applied the barcode. The accuracy of postal-applied (keyer) barcodes versus the accuracy of mailer-applied barcodes could not be quantified at this time. It seems likely, however, that list-generated mailer-applied barcodes would be more accurate than keyer-generated barcodes, because the chance of human error is greater in the latter circumstance."

- a. Where in Exhibit 29E or in your analysis generally do you account for any extra costs associated with barcoding-related errors occurring during the sortation process (e.g., inaccurately applied barcodes)? If you do take such costs into account, please describe your methodology and any quantification process you employ. If you do not, why not?
- b. Confirm that in your savings analysis you assume non-barcoded parcels are keyed once. If not confirmed, please explain.
- c. Upon what empirical basis is the assumption in (b) made? Is there any evidence that a certain percentage of non-barcoded parcels is keyed more than once? Describe any such evidence.
- d. Confirm that you assume barcoded parcels are scanned once. If not confirmed, please explain.
- e. Upon what basis is the assumption in (d) made? Is there any evidence that a certain percentage of barcoded parcels is scanned more than once? Describe any such evidence.
- f. Footnote 60 on page 20 states that your testimony uses the average annual rate of 806 pieces per hour achieved in FY93 (before PBCS). Has any analysis been

made of the rate under PBCS? If so, please supply it. If not, why not? And, if not, please give an estimate of the rate.

- g. Your savings analysis includes "ribbon and label costs." See Table 4. Please describe the nature of the operation requiring ribbon and label costs to be considered. Also explain whether you include direct labor costs associated with ribbon and label costs, such as changing ribbons during operations, and indirect labor costs, such as procurement overhead costs, supply transportation costs, etc. Please also show how you derive ribbon/label costs of 0.5 cents.
- h. Please describe all operations involved with parcels when a barcoding error occurs (e.g., an improperly applied mailer barcode, and an improperly keyed Postal Service barcode). For example, what happens to the parcels in the mailstream that are improperly barcoded?
- i. How far into the mailstream do parcels go before errors are detected? Have any surveys been conducted? If so, please supply them. If not, why not?
- j. How many additional sortations occur with improperly barcoded parcels?
- k. What are the costs of such extra sortations?
- l. Is there "loop mail" in the parcel mailstream? If so, what are the causes and costs of such mail?

OCA/USPS-T22-9. What is the error rate associated with improperly applied mailer barcodes, and, separately, Postal Service applied barcodes?

- a. You suggest that the comparative accuracies cannot be quantified at this time. See page 20, lines 13-14. Please confirm. If not confirmed, please explain.

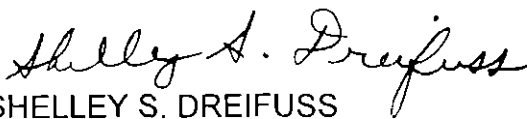
- b. In reference to (a), why cannot they be quantified at this time?
- c. When was the most recent study of these error rates conducted?
- d. What was the result of any such study?
- e. Please supply all studies and reports relating to the error rates discussed herein. Include reports generated by the Postal Service internally, by its consultants, or by outside entities such as GAO.
- f. Please supply all correspondence to mailers or groups of mailers (such as trade associations) relating to such error rates.

OCA/USPS-T22-10. You state your assumption on page 20 that list-generated mailer-applied barcodes are more accurate than keyer-generated barcodes because the chance of human error is greater in the latter circumstance.

- a. Please confirm. If not confirmed, please explain.
- b. If confirmed, what empirical evidence do you have for such an assumption?

#### CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

  
SHELLEY S. DREIFUSS  
Attorney

Washington, D.C. 20268-0001  
August 26, 1997